

Senior Investor Education: How to Protect Your Money

As an older investor, you are a top target for con artists. There are countless examples of senior investors who have been cheated out of savings, windfall insurance payments, and even the equity in their own homes.

Avoid becoming a victim by following 11 self-defense tips developed for seniors by the Minnesota Department of Commerce and the North American Securities Administrators Association, Inc. (NASAA).

1. Don't be a courtesy victim. Con artists will not hesitate to exploit your good manners. Save your politeness for friends and family members, not strangers looking for a quick buck!

2. Check out strangers promoting strange deals. Trusting strangers is a mistake anyone can make when it comes to their personal finances. Say "no" to any investment professional who presses you to make an immediate decision, giving you no opportunity to check out the salesperson, the firm, or the investment opportunity itself.

You can check the status of a license using the broker search tool found on the Commerce website (mn.gov/commerce/topics/securities/broker-dealers/registration-lookup.jsp). To check the registration of a specific investment product, call the Department of Commerce consumer help line at 651-539-1600. Unless it qualifies for an exemption, the product should be registered, too.



3. Stay in charge of your money. Beware of anyone who suggests investing your money in something you don't understand, or who urges that you leave everything in his or her hands.

4. Don't judge a book by its cover. Successful con artists sound and look extremely professional and have the ability to make even the flimsiest investment deal sound as safe and sound as putting money in the bank. The sound of a voice, particularly on the phone, has no bearing on the soundness of the investment opportunity.

5. Watch out for salespeople who prey on your fear. Con artists know that you worry about either outliving your savings or seeing all of your financial resources vanish overnight as a result of a catastrophic event, such as a costly hospitalization. Fear can cloud your good judgment. An investment that is right for you will make sense because you understand it and feel comfortable with the risk involved.

6. Don't make a tragedy worse with rash financial decisions. The death or hospitalization of a spouse has many sad consequences – financial fraud shouldn't be one of them. If you find yourself suddenly in charge of your own finances, get the facts before you make any decisions. An insurance settlement may help with expenses, but it also makes you an ideal target for fraud.

7. Monitor your investments and ask tough questions. Don't compound the mistake of trusting an unscrupulous investment professional or outright con artist by failing to keep an eye on the progress of your investment. Insist on regular written reports. Look for signs of excessive or unauthorized trading of your funds. Don't let a false sense of friendship or trust keep you from demanding a routine statement of your accounts.

8. Ask questions about cyber-security. Before you make an investment, make sure the firm or individual selling you a product has a satisfactory plan in place to protect your private data from cyber-security threats.

9. Look for trouble withdrawing your principal or cashing out profits. If your investment professional stalls when you attempt to withdraw your principal or profits, you may have uncovered someone who wants to cheat you. Some investments have certain periods when you cannot withdraw your funds, but you must be notified of these restrictions before you invest.

10. Don't let embarrassment or fear keep you from reporting investment fraud or abuse. Con artists know that you might hesitate to report that you have been victimized in financial schemes out of embarrassment or fear. Con artists count on these fears to prevent or delay you contacting authorities about a scam. Every day that you delay reporting fraud or abuse is one more day that the con artist is spending your money and finding new victims.

11. Beware of "reload" scams. If you are already the victim of an investment scam, don't compound the damage by letting con artists "reload" and take a "second bite" of your assets. Faced with a loss of funds, some seniors who have been victimized once will go along with another scheme in which the con artists promise to make good on the original funds lost, or even generate more money than they initially promised. It is understandable to want to try to make up lost financial ground, but far too often the result is losing whatever savings you had left in the wake of the initial scam.

Report suspected fraud, scams, or financial abuse to the Minnesota Department of Commerce. Your call may prevent others from being victimized.



Contact us with questions or concerns:

85 7th Place East, Suite 500, Saint Paul, MN 55101

651-539-1600 | mn.gov/commerce